CAN THE RELATIONSHIP BETWEEN THE EU AND CENTRAL AND EASTERN EUROPE BE REGARDED AS MUTUALLY BENEFICIAL?

Maria Ileana Stănescu
University College London
mar_sta26@bibnat.ro

Abstract: The article examines the assumptions, motivations and benefits of EU policy of enlargement to the East, viewed from the perspective of both parties, but especially, in terms of integrating countries. Here are analyzed the benefits and possible problematic points of expansion, but the conclusion of the study is that the widening of the EU socio-economic area can be advantageous to all parts, by encouraging policies of democratization and unification of the common market, which are at the basics of the European construction.

Keywords: European Union, Central and Eastern Europe, the Eastern enlargement, the joining process, membership, economic reform, democratization, advantages, common market, agriculture and regional policies, EU's role regarding reforms, globalization process.

For four decades, West and East European states underwent parallel but very disparate systems of integration, the one contributing to ever-increasing stability and prosperity, whereas the other was imposed by Soviet domination. In the aftermath of the anti-communist revolutions of 1989 and 1991, the erstwhile threats of the Cold War gradually turned into opportunities via the process of integrating the countries of Central and Eastern Europe (CEE) into what has been characterized as 'the world's most highly institutionalized and rule-constrained project of regional cooperation'[1], the European Union (EU). The dramatic events at the end of the 1980s eventually leading to the collapse of communist regimes in East-

[1] Milada Anna Vachudova, "The Leverage of International Institutions on Democratizing States: Easter Europe and the European Union", EUI Working Papers, RSC no. 2001/33, p. 3.

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Central Europe came as a surprise to the European Community (EC) and revealed a significant political vacuum.

Throughout the communist era, the relationship between the EC and those countries belonging to the Soviet-dominated Council for Mutual Economic Assistance (CMEA) was considerably restricted, and hence the prospect of the latter's entering the grand 'European project' of political and economic integration along with their western neighbours was hardly foreseeable on the long run. Nevertheless, the eagerness with which the newly established governments of Central and East European countries (CEECs) embarked on sweeping reforms, aimed at constructing liberal democratic political systems and market economies, progressively paved their way towards full accession to the EC, commonly perceived as a primary objective on their journey 'back to Europe'[2]. Confronted with this novel state of affairs, the EC's initial response was rather cautious – its intervention mainly entailed practical technical and financial assistance to support the undergoing reforms and normalizing trade relations with the CEECs. However, by the end of 1997 a broad policy strategy evolved, which made it possible to distinguish which states of Central and Eastern Europe were on the verge of becoming EU members, the criteria by which they would be evaluated throughout their accession process and the overall strategy framing the running of the negotiations.

The enormous benefits, as well as the stringent requirements of EU membership have had a profound transformative impact on Central and Eastern European politics, especially since the EU's influence on domestic public policy-making and intra-governmental relations was perceivable within would-be members long before they actually enjoyed full membership. The conditions for membership set by the EU at the Copenhagen European Council in 1993 – 'stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union; and the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union'[3] – played a key role in minimizing the risk of Central and

[2] Karen Henderson, Back to Europe: Central and Eastern Europe and the European Union, (London: UCL Press, 1999), p. 3.
[3] Stephen White, Judy Batt and Paul G. Lewis, Developments in Central and East European Politics 4, (New York: Palgrave MacMillan, 2007), p. 113.

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East European newcomers becoming politically insecure and economically burdensome to the EU.

Nonetheless, throughout the process of EU's eastern enlargement, the EU's existing member states expressed substantial concern about the impact of enlargement on EU institutions and policies due to the implicit increase in numbers and diversity. At the other end of the spectrum, euroskeptics and realists alike envisaged the EU accession process as implying an overarching influence on the domestic policy choices of aspirant member states. This influence, exerted through the EU's imposition of rules and domination of their internal political arenas was seen as an instrument of projecting its economic and political strength eastward, where the feebleness of local elites hindered the accurate functioning of national sovereignty[4]. However, the incentives of EU membership combined with the large volume and intrusiveness of the rules accompanying the process have prompted liberalizing reforms leading to the democratization and marketization of CEECs.

First and foremost, EU membership required the adjustment of aspirant candidates to a wide range of policies, thus generating the reshaping of political institutions. Most notably, EU leverage facilitated the gradual removal of rent-seeking nationalists from office, while rendering the pro-Western centre of the political field more appealing to the electorate. Furthermore, the EU has had a significant impact on the reform of the judiciary, the civil service, and other branches of state administration such as public procurement, budgetary procedures and regional self-government, where political inaction could have blocked reform. Finally, the EU accession process empowered domestic pro-Western reformers, whose actions were directed to serve both the public's and the state's interests, and to keep in check the self-seeking agendas of emerging bureaucracies or governing elites.

Among the benefits from EU membership envisioned by candidate members, the EU's provision of a welfare-enhancing common market and a security-enhancing political community created a strong incentive for the CEECs to comply with the Copenhagen criteria, which involved two contexts of conditionality, *i.e.* democratic conditionality and *acquis*

[4] Milada Anna Vachudova, "The Leverage of International Institutions on Democratizing States: Easter Europe and the European Union", EUI Working Papers, RSC no. 2001/33, p. 3.

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conditionality[5]. For the countries emerging from the communist debacle in 1989, the prospect of joining the EU was inherently linked to acquiring the democratic stability and prosperity characteristic to Western Europe. At last, the opposition elites who had battled communism and had struggled to plot an exit from the Soviet command could only welcome EU membership with grand enthusiasm, perceiving it as 'the final marker of their country's escape from Moscow's control and its return to Europe'[6]. Moreover, access to the EU market was fundamental to the successful transition from state socialism to market capitalism. The increasing dependence of East European states on trade with the EU eventually led to the former realizing that without gaining full membership they would be forced to adapt to rules governing access to EU market but could have no voice in shaping the EU's affairs.

The decision of the EU-15 to proceed with eastward enlargement posed a real challenge to the EU's old member states, whose economic benefits were rather diffuse and enduring and, for the electorate, politically average. The costs of such a vast and ambitious enlargement, nonetheless, were concentrated, instantaneous and politically delicate. Accordingly, the institutional and budgetary reforms which were vital for enabling EU's eastern enlargement represented a wrenching task for EU leaders. Most importantly, the economic interpenetration between the two regions, *i.e.* the CEE and the EU, was considerably asymmetric, with the EU having less of an economic interest in CEE than vice versa[7]. As far as CEE countries are concerned, trade with the EU-15 has always been regarded as more beneficial than trade agreements with any other region, including intra-CEE trade.

In the realm of investment, the successful transition from central planned economies to market capitalism generated substantial foreign direct investment inflows (FDI) into Central and Eastern Europe, with investors showing more confidence in countries which experienced relative progress

[5] Frank Schimmelfennig and Ulrich Sedelmeier, "Governance by Conditionality: EU Rule Transfer to the Candidate Countries of Central and Eastern Europe", Journal of European Public Policy, 11 (4), (2004), p. 661.
[6] Milada Anna Vachudova, "The Leverage of International Institutions on Democratizing States: Easter Europe and the European Union", EUI Working Papers, RSC no. 2001/33, p. 7.
[7] Heather Grabbe and Kirsty Hughes, Enlarging the EU Eastwards, (London: The Royal Institute of International Affairs, 1998), p. 15.

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throughout the process of marketization. Accordingly, EU entry made the East European countries more attractive as a production location as far as it guaranteed access to a vast market while protecting investors against any abrupt modifications in trade policy. Even though financial transfers were not the chief motivating aspect for CEE countries to seek EU membership, accession eventually triggered instant financial rewards. Hence the newcomers gained substantial aid through the EU's agricultural and regional policies.

In addition to the economic rewards of accession and to the political reforms which East European states witnessed throughout the transition period, the security incentives were not to be neglected. A state's prospects for NATO membership gradually became associated to its position with the EU – most notably, those countries excluded from the 1997 expansion of NATO viewed EU entry as a 'surrogate source of security'[8]. Therefore, eastward enlargement also entailed a security dimension in the form of ensuring stability and security in Europe by reuniting Eastern Europe with the West[9].

On the other hand, EU enlargement has had profound implications for the East European countries excluded from the process – the increase in the EU's size and weight as a regional player as a result of enlargement, renders it a mightier trade bloc with a larger market and thus a stronger economic power[10]. To put it in a nutshell, the consequences of the CEE states joining the EU were, on the one hand, their greater integration with Western Europe, and, on the other hand, loosening the ties with their eastern neighbours, thus augmenting Russia's wariness as regards the EU's security and military dimensions. Moreover, the application of the EU visa policies and border control policies unfolding under the conditions for accession inhibited economic integration and bilateral cooperation between countries that were 'ins' and 'outs' in the EU accession process.

Last but not least, the potential of Central and East European countries to accede to EU membership vigorously promoted the

[8] Milada Anna Vachudova, "The Leverage of International Institutions on Democratizing States: Eastern Europe and the European Union", EUI Working Papers, RSC no. 2001/33, p. 10.
[9] Heather Grabbe and Kirsty Hughes, Enlarging the EU Eastwards, (London: The Royal Institute of International Affairs, 1998), p. 109.
[10] Stephen White, Judy Batt and Paul G. Lewis, Developments in Central and East European Politics 3, (New York: Palgrave MacMillan, 2003), p. 264.

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development of democracy by urging applicants to implement democratic human rights regimes and legitimate political systems[11]. For those CEE states that have joined the EU, 'the overall benefits of EU membership certainly outweighed the short-term costs of adopting sub-optimal policies and regulatory regimes'[12]. On a more general note, it can be concluded that the aspiration to join the EU has actuated rapid and profound changes to both policies and institutions in CEE candidate states. The net effect on the region as a whole was undoubtedly positive rather than negative if one takes into consideration the EU's reform anchor role, and at the same time its instrumentality in offering substantial financial aid and trade access, as well as a wide array of association and partnerships agreements.

Finally, in the words of Hoffmann and Keohane, the EU could be described as 'a new institutional form that enables rich and strong states to act more effectively on a collective basis, and [permits] poor and weak countries to gain acceptance into a club of prosperous states, governed by rules that apply to all members'[13]. A key to the EU's leverage, *i.e.* the meritocratic nature of the enlargement process, has engendered a dynamic process which has augmented the EU's influence on domestic politics through the promotion and consolidation of economic reform, democratization and respect for minority rights. In the foreseeable future, the EU will unquestionably face the challenge of engaging itself much more closely with the rest of the region left outside its reach, with the ultimate goal of undermining the lines of division discernible within the East European region. The growing importance of international institutions in the context of globalization has rendered the European Union as an utterly influential actor in the shaping of domestic policy making and economic reform in the upcoming decades, especially since the Westernization process has begun to affect the entire Central and East European region.

[11] Heather Grabbe, "How does Europeanization affect CEE governance? Conditionality, diffusion and diversity", Journal of European Public Policy, 8 (6), (2001), p. 1014.
[12] Stephen White, Judy Batt and Paul G. Lewis, Developments in Central and East European Politics 4, (New York: Palgrave MacMillan, 2007), pp. 122-123.
[13] Milada Anna Vachudova, "The Leverage of International Institutions on Democratizing States: Eastern Europe and the European Union", EUI Working Papers, RSC no. 2001/33, p. 8.

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